

**BEFORE THE OFFICE OF CAMPAIGN FINANCE  
DISTRICT OF COLUMBIA BOARD OF ELECTIONS  
FRANK D. REEVES MUNICIPAL BUILDING  
2000-14<sup>th</sup> STREET, N.W., SUITE 433  
WASHINGTON, D.C. 20009  
(202) 671-0550**

IN THE MATTER OF

)

DATE: October 3, 2013

)

Kwame for Chair

)

DOCKET NO.: FI 13R-014

Dawn Cromer, Treasurer

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3330 Denver Street, SE

)

Washington, DC 20020

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**ORDER**

**Statement of the Case**

This matter came before the Office of Campaign Finance (hereinafter OCF) Office of the General Counsel pursuant to a Final Audit Report issued by the Reports Analysis and Audit Division on August 5, 2013, which alleged that the Kwame for Chair, Principal Campaign Committee (hereinafter respondent committee) committed the following violations of the District of Columbia Campaign Finance Act which were referred to the Office of the General Counsel (OGC): (1) received excessive contributions; (2) failed to report expenditures; (3) failed to negotiate expenditures through the committee's bank account; (4) improperly handled cash disbursements; (5) failed to provide evidence of payment for consulting services; (6) allowed expenditures by a non-committee official; and (7) failed to maintain proper recordkeeping and provide OCF with disclosures constituting apparent violations.

On the basis of the foregoing, it was specifically alleged that the respondent committee violated the following provisions of the D.C. campaign finance statute and implementing regulations: (1) D.C. Official Code §§1-1163.33(a)(2), which provides in pertinent part that, "[n]o person shall make any contribution which, and no person shall receive any contributions from any person which, when aggregated with all other contributions received from that person relating to a campaign for nomination as a candidate or election to public office, including both the primary and general or special election, exceed:...In the case of a contribution in support of a candidate for Chairman of the Council or for the recall of the Chairman of the Council, \$1,500; (2) D.C. Official Code § 1-1163.09(c)(8) which provides in pertinent part that, the treasurer of a principal campaign committee shall file reports of receipts and expenditures which include "[t]he full name and mailing address (including the occupation and the principal place of business, if any) of each person to whom expenditures have been made by a committee on behalf of a

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committee or candidate within the calendar year in an aggregate amount or value of \$10 or more, the amount, date, and purpose of each expenditure...”; (3) D.C. Official Code §1-1163.09(c)(9) which requires the treasurer to include “[t]he total sum of expenditures made by a committee or candidate during the calendar year”; (4) D.C. Official Code § 1-1163.08(a) which states in pertinent part that “[e]ach committee and each candidate accepting contributions or making expenditures, shall designate in the registration statement ... No expenditures may be made by a committee or candidate except by check drawn payable to the person to whom the expenditure is being made on that account or accounts, other than petty cash expenditures...”; (5) D.C. Official Code § 1-1163.08(b) which provides that “[a] committee or candidate may maintain a petty cash fund out of which may be made expenditures not in excess of \$50 to any person in connection with a single purchase or transaction”; (6) D.C. Official Code § 1-1163.07(1) which requires each committee to file with the Director of the Office of Campaign Finance a Statement of Organization within 10 days after organization that shall include all relevant information regarding the principal officers of the committee; (7) D.C. Official Code § 1-1163.07(4) which prohibits expenditures from being made for or on behalf of a committee without the authorization of its chairman or treasurer, or other designated agents; and (8) 3 DCMR §3400.2, which requires a committee to preserve detailed records of all contributions and expenditures in reports filed with the Director..

By Notice of Hearing, Statement of Violations and Order of Appearance dated July 19, 2013, OCF ordered Dawn Cromer (hereinafter respondent treasurer) to appear at a scheduled hearing on July 26, 2013 and show cause why the respondent committee should not be found in violation of the D.C. Campaign Finance Act of 2011, as amended by D.C. Official Code §1-1163.04 (3) et seq., and fined accordingly. Pursuant to a request for a continuance by Sheryl Wood, Esq., counsel for the respondent treasurer, the hearing was rescheduled for August 15, 2013.

### **Summary of Evidence**

On August 15, 2013, the respondent treasurer appeared at the scheduled hearing with counsel. OCF was represented by Renee Coleman, Audit Manager.

After being duly sworn, Ms. Coleman testified that pursuant to D.C. Official Code § 1-1163.04(8), the Reports Analysis and Audit Division conducted a full field audit of the respondent committee which covered the period, April 6, 2010 through March 18, 2011. She stated that the Final Audit of the Respondent committee was issued by the Director of the Office of Campaign Finance on July 5, 2013. She additionally stated that the audit found that the respondent committee accepted ten (10) excessive contributions totaling \$4,200.00, and recommended that the respondent committee refund the excessive contributions. The committee failed to refund \$2,700.00 of the excessive amount. Ms. Coleman further stated that the audit revealed that the committee reported eleven (11)

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expenditures totaling \$3,965.10 that were not negotiated through the committee's bank account. These expenditures were disallowed by the audit staff. She also stated that the committee made three (3) cash disbursements totaling \$9,560.00 that were not accompanied by proper documentation in violation of D.C. Official Code §§1-1163.08(a) and (b). Ms. Coleman further stated that the committee made fifty-three (53) expenditures totaling \$192,289.00 and fifteen (15) expenditures totaling \$23,005.00 to two (2) separate vendors for "consulting services" where no contracts were provided in violation of 3 DCMR§ 3400.2. She additionally stated that the committee issued twenty-eight (28) checks totaling \$92,260.00 that were signed by an individual who was not a committee official or otherwise identified in the committee's Statement of Organization in violation of D.C. Official Code §§1-1163.07(1) and (4). Ms. Coleman stated that Che Brown was the individual who signed the checks. Ms. Coleman concluded that the committee failed to provide proper documentation for two hundred and sixty (260) contributions totaling \$134,282.00 in violation of 3DCMR§3400.2.

After being duly sworn, respondent treasurer stated that she attempted to refund the excessive contributions to the extent she could. She further stated that she was not aware that some of the refunds were not negotiated until she was advised by the audit report. She also stated that the committee's funds were depleted when she received the audit. Thus, the committee lacked the resources to make the additional refunds. Ms. Cromer additionally stated that she was not aware that expenditures were not negotiated through the committee's bank account until advised by the audit report. She stated no funds currently exist to reimburse the amounts in question. She conceded that the items cited in the audit for lack of proper documentation represented insufficient recordkeeping. Ms. Cromer additionally stated that she was not aware that contracts were required for the consulting services, but contended that the services for which the committee paid consultants were definitely provided. She also stated that she was aware that Che Brown had signed committee checks even though he did not have the authority to do so. Ms. Cromer continued that she attempted to amend the committee's Statement of Organization after she received the audit report, but she was advised that the Statement of Organization could not be amended retroactively. Ms. Cromer did not dispute the allegation that the committee failed to maintain proper records of all transactions.

Counsel for Ms. Cromer argued that the committee should be accorded favorable consideration for mitigating many of the infractions cited in the audit report. Counsel also stated that the committee does not have the funds to pay any fines that may be imposed by OCF.

**Findings of Fact**

Having reviewed the allegations and the record herein, I find:

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1. In accordance with D.C. Official Code §1-1163.07, respondent committee registered as a Principal Campaign Committee with the Office of Campaign Finance on April 14, 2010.

2. Respondent treasurer accepted the position of Treasurer on April 14, 2010.

3. Respondent committee filed a total of twenty nine (29) Reports of Receipts and Expenditures between June 10, 2010 and June 14, 2013, when the Principal Campaign Committee filed a termination report.

4. Respondent committee received seven (7) excessive contributions totaling \$2,700.00 that were not refunded.

5. Respondent committee made seven (11) expenditures totaling \$3,965.10 that were not negotiated through the committee's bank account.

6. Respondent committee made three (3) cash disbursements totaling \$9,560.00 that were not accompanied by the proper documentation.

7. Respondent committee made fifty (53) expenditures totaling \$192,289.00 and fifteen (15) expenditures totaling \$23,005.00 to two (2) separate vendors for "consulting services" where no contracts were executed.

8. Respondent committee allowed an individual who was not a committee official to sign twenty-eight (28) checks totaling \$92,260.00.

9. Respondent committee failed to provide proper documentation for two hundred and sixty (260) contributions totaling \$134,282.00.

**Conclusions of Law**

Based upon the record provided by OCF, I therefore conclude:

- 1 Respondent committee violated D.C. Official Code §1-1163.33(a)(2);
2. Respondent committee violated D.C. Official Code §1-1163.09(c)(8);
- 3: Respondent committee violated D.C. Official Code §1-1163.09(c)(9);
4. Respondent committee violated D.C. Official Code §1-1163.08(a);

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5. Respondent violated D.C. Official Code §1-1163.07(1);
6. Respondent committee violated D.C. Official Code §1-1163.07(4);
7. Respondent committee violated 3 DCMR § 3400.2.
8. The penalty established at D.C. Official Code §1-1163.35(a)(3) and 3DCMR §3711.2(l), for accepting contributions in excess of the contribution limitations, is a fine of \$2,000.00 for each violation.
9. In accordance with 3DCMR §3711.2(l), the Respondent committee may be fined a maximum of \$14,000.00 for seven (7) violations of D.C. Official Code §1-1163.33(a)(2);
10. The penalty established at D.C. Official Code §1-1163.35(a)(3) and 3DCMR §3711.2(v), for making cash disbursements that exceeded the expenditure limitations, is a fine of \$1,000.00 for each violation;
11. In accordance with 3DCMR §3711.2(v), the Respondent committee may be fined a maximum of \$3,000.00 for three (3) violations of D.C. Official Code §1-1163.08(a);
12. The penalty established at D.C. Official Code §1-1163.35(a)(3) and 3DCMR §3711.2(r), for making expenditures that were not negotiated through the committee's bank account, \$2,000.00 for each violation.
13. In accordance with 3DCMR §3711.2(r), the Respondent committee may be fined a maximum of \$22,000.00 for eleven (11) violations of D.C. Official Code §1-1163.09(c)(9);
14. The penalty established at D.C. Official Code §1-1163.35(a)(3) and 3DCMR §3711.2(z), for failing to maintain records, is a fine of \$2,000.00 for each violation;
15. In accordance with 3DCMR §3711.2(z), the Respondent committee may be fined a maximum of \$6,000.00 for three (3) violations of 3DCMR §3400.2;
16. For good cause shown pursuant to 3DCMR §3711.7, the Director of the Office of Campaign Finance (Director) may modify, rescind, dismiss or suspend any fine.
17. Respondent committee did not provide good cause to modify, rescind, dismiss or suspend the fines in this matter.

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**Recommendation**

In view of the foregoing and information included in the record, I hereby recommend that the Director impose a fine of \$45,000.00 in this matter.

\_\_\_\_\_  
October 3, 2013  
Date

\_\_\_\_\_  
/s/  
William O. Sanford  
Hearing Officer

**ORDER OF THE DIRECTOR**

**IT IS ORDERED** that the Respondent committee is hereby fined \$45,000.00.

\_\_\_\_\_  
October 3, 2013  
Date

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/s/  
Cecily Collier-Montgomery  
Director

**CERTIFICATE OF SERVICE**

This is to certify that I have served a true copy of the foregoing Order on Sheryl Wood, Esq at 1629 K Street, NW Suite 300, Washington, DC 20006. and Dawn Cromer by regular mail at 3330 Denver Street SE, Washington, DC 20020 and by e-mail at [www.thewoodlawfirm.com](http://www.thewoodlawfirm.com). and dcromer1989@yahoo.com, on October 3, 2013.

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**NOTICE**

Any party adversely affected by an Order of the Director may: (1) file a Motion for Reconsideration (Motion) with the OCF within five (5) days after receipt of an Order, provided that, relevant evidence was omitted from consideration at the hearing (3DCMR § 3709.13); or (2) obtain review of the Order by filing a request for a **hearing de novo** with the Board of Elections within fifteen (15) days from the date of issuance of an Order. Any fine imposed by the Director, pursuant to § 3711.2 shall become effective on the sixteenth (16<sup>th</sup>) day following the issuance of a decision or Order: provided that, the Respondent does not requests a **hearing de novo** with the Board of Elections. Fines imposed shall be paid within ten (10) days of the effective date of the issued Order of the Director. Payment should be made by check or money order, payable to: District of Columbia Treasurer and sent to the *Office of Campaign Finance, Frank D. Reeves Municipal Building, 2000 14<sup>th</sup> Street NW, Suite 433, Washington, DC 20009.*